

## Message Text

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C O N F I D E N T I A L STATE 028995

FOLLOWING DUBLIN 00256 SENT ACTION SECSTATE INFO LONDON BELFAST  
THE HAGUE BONN BRUSSELS COPENHAGEN LUXEMBOURG PARIS ROME  
EC BRUSSELS FEB 3; REPEATED TO YOU QUOTE

C O N F I D E N T I A L DUBLIN 256

E.O. 11652: GDS

TAGS: EI, ECON, PFOR, PINR, PINS, PORG

SUBJECT: IRELAND, WINTER, 1977

BEGIN SUMMARY

1. DESPITE RATHER COLD GLOOMY AND SNOWY WEATHER, WE SENSE A SLIGHT  
UPBEAT TINGE TO AFFAIRS HERE IN MIDWINTER, 1977. BY MID-JANUARY  
IT WAS POSSIBLE TO FIND RESPECTED ECONOMISTS AND BUSINESS ANALYSTS  
WHO WERE WILLING, ALBEIT CAUTIOUSLY, TO SUGGEST THAT THE WORST  
MIGHT BE OVER. 1976 WAS NOT A GOOD YEAR: UNEMPLOYMENT AND  
INFLATION THE HIGHEST IN EUROPE; LABOR STRIFE; A THREATENED  
FLIGHT OF CAPITAL TO ESCAPE THE "SOAK THE RICH" WEALTH TAX.  
POLITICALLY THE COALITION GOVERNMENT HAD LITTLE TO BE PROUD  
ABOUT FOR THE YEAR: BAD ECONOMIC STATISTICS, HAPLESS LABOR  
POLICY, A PRESIDENT RESIGNING OVER A TRIVIAL INCIDENT.  
HOWEVER, THE PROSPECTS AHEAD FOR THE COALITION SEEM BETTER AND  
THEY ARE FAVORED TO WIN THE ELECTION WHICH PROBABLY WILL TAKE PLACE  
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IN THE SPRING OR FALL. YEAR-END STATISTICS SHOWED A SURPRISING,  
BUT SMALL GAIN IN GNP AND GOVERNMENT REVENUE, ALLOWING IT TO CUT  
TAXES IN A RATHER BLATANT, BUT EFFECTIVE, "ELECTION BUDGET."

2. ONE AREA WHICH IS NOT UPBEAT IS THE NORTHERN SITUATION.  
ALTHOUGH THE IRISH IN THE REPUBLIC TRY TO INSULATE THEMSELVES AS  
MUCH AS POSSIBLE, THE NOW EIGHT-YEAR-OLD CONFLAGRATION PERMEATES

EVERYTHING. 1976 WAS THE BLOODIEST YEAR SINCE 1972 AND 1977 PROMISES TO BE AS BAD OR WORSE. DESPITE EFFECTIVE AND ENERGETIC SECURITY MEASURES ON BOTH SIDES OF THE BORDER THE IRA SEEMS TO BE STRONGER THAN EVER. UNFORTUNATELY THE PEACE MOVEMENT APPEARS TO BE WANING. END SUMMARY.

THE ECONOMY: BETTER THAN EXPECTED BUT NOT GOOD. ECONOMIC PROSPECTS AT THE BEGINNING OF 1976 WERE BLEAKER THAN PROVED TO BE THE CASE IN THE COURSE OF THE YEAR. WHILE THERE WERE IMPROVEMENTS, MUCH WAS LEFT TO BE DESIRED. INFLATION REACHED ABOUT 20 PERCENT AND UNEMPLOYMENT OVER 11 PERCENT, BOTH THE HIGHEST IN THE EC. EXPORTS HELPED BY THE DEVALUED POUND AND EXPANDING WORLD TRADE WERE HIGHER THAN EXPECTED AND SO WAS THE GNP GROWTH RATE (3 TO 3.5 PERCENT). INDUSTRIAL EXPORTS IN 1976 INCREASED 16 PERCENT IN REAL TERMS OVER THOSE OF 1975, A RATE THAT PROBABLY WILL NOT BE SUSTAINED IN 1977. A DRAMATIC RISE IN IMPORTS PRODUCED A NEGATIVE BALANCE OF TRADE (ALMOST 500 MILLION POUNDS) AND A BALANCE OF PAYMENTS DEFICIT OF ABOUT 165 MILLION POUNDS, UP FROM 15 MILLION POUNDS IN 1975. ONLY THE FARMERS, WITH EC HELP, AND A FEW EFFICIENT INDUSTRIES HAD ANYTHING TO CROW ABOUT.

THE ECONOMIC OUTLOOK FOR 1977 IS UNCERTAIN BUT WITH SOME CHANCE OF AN UPTURN. MUCH WILL DEPEND ON EXTERNAL FACTORS. UNEMPLOYMENT SHOULD LEVEL OUT OR START TO DECREASE. INFLATION IS EXPECTED TO REACH 15 PERCENT BUT COULD GO HIGHER IF THE COUNTRY CAN'T GET A GRIP ON WAGE AGREEMENTS. INDUSTRIAL INVESTMENT SHOULD INCREASE, AND INDUSTRIAL EXPORTS SHOULD BE STRONG, ALTHOUGH PERHAPS NOT SO MUCH AS LAST YEAR. CONFIDENTIAL

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BY MID-JANUARY IT WAS POSSIBLE TO FIND ECONOMISTS AND BUSINESS ANALYSTS WHO WERE CAUTIOUSLY OPTIMISTIC. WITH THE DEVALUED POUND, THE TERMS OF TRADE ARE GOOD; CORPORATE BORROWINGS INDICATE THAT THE RATE OF INVESTMENT IS IMPROVING; AND THE JANUARY BUDGET HAS GIVEN A NEEDED BOOST TO BUSINESS CONFIDENCE.

THE POLITICAL SCENE: MOVING TOWARD AN ELECTION: AT YEAR'S END THE COALITION GOVERNMENT'S POPULARITY HAD DIMMED BUT MOST ANALYSTS STILL WOULD GIVE IT A BETTER-THAN-EVEN CHANCE TO WIN A GENERAL ELECTION. THE UNCOORDINATED OPPOSITION FIANNA FAIL HAS BEEN UNABLE TO CAPITALIZE ON THE GOVERNMENT'S DIFFICULTIES DURING 1976. FIANNA FAIL LOST THE LAST TWO BY-ELECTIONS, BOTH OF WHICH IT COULD HAVE WON. IF THE PUBLIC IS UPSET WITH THE PERFORMANCE OF THE FINE GAE/LABOR COALITION, IT HAS SHOWN NO PARTICULAR TENDENCY TO SHIFT TO FIANNA FAIL. HEDGING THE BET, ONE HAS TO TAKE ACCOUNT OF THE FACT THAT FIANNA FAIL REMAINS THE LARGEST OF THE POLITICAL PARTIES AND RECENT POLLS

(LESS ACCURATE THAN IN THE U.S.) SHOW ITS SHARE OF THE ELECTORATE STANDS AT ABOUT 52 PER CENT. TRANSLATED INTO SEATS IN PARLIAMENT THIS IS ABOUT A THREE SEAT EDGE.

FIANNA FAIL CAN FIND ENCOURAGEMENT IN THE DILEMMA OF THE JUNIOR COALITION PARTNER, THE LABOR PARTY. ALTHOUGH THE LINK BETWEEN ORGANIZED LABOR AND THE LABOR PARTY IS NOT AS TIGHTLY FORGED AS, FOR EXAMPLE, IN THE U.K., IT HAS BEEN PAINFUL TO THE PARTY TO GO ALONG WITH GOVERNMENT MEASURES (SUCH AS THE EMERGENCY ANTI-TERRORIST LEGISLATION) DISTINCTLY UNPOPULAR TO A LARGE PART OF ITS OWN CONSTITUENCY. THE LOSS OF A FEW LABOR SEATS COULD LOSE THE ELECTION.

BY MID-JANUARY WE DETECT A MORE FORWARD-LOOKING POLITICAL MOOD FOR THE COALITION. AS THE PROBLEMS FACED BY THE GOVERNMENT IN 1976 RECEDE IN SIGNIFICANCE, THE NATIONAL BUDGET BECOMES SOMETHING OF A KICK-OFF TO AN ELECTION, OR AT LEAST TO PRE-CONFIDENTIAL

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ELECTION SKIRMISHING. THE PRESS INSTANTLY LABELLED IT AN "ELECTION BUDGET" AND A "SOMETHING FOR EVERYONE BUDGET", WHICH SEEMS TO BE THE CASE. IF THE ECONOMY DOES CONTINUE TO IMPROVE, THERE SHOULD BE A BETTER-THAN-EVEN CHANCE OF A COALITION VICTORY IN THE UPCOMING ELECTION.

WHEN THE ELECTION? THE CONSTITUTION REQUIRES AN ELECTION PRIOR TO 13 APRIL, 1978. THE PRIME MINISTER COULD GO TO THE BITTER END, HOPING FOR BETTER ECONOMIC STATISTICS IN EARLY 1978. VIRTUALLY EVERY KNOWLEDGEABLE PERSON, HOWEVER, ASSURES US THAT COSGRAVE WILL CALL THE ELECTION EITHER IN THE SPRING OR FALL OF 1977. THE FACT IS THAT NO ONE CAN READ COSGRAVE'S MIND AND IF HE HAS ANY CLOSE CONFIDANTES, NEITHER WE NOR ALL THE OTHERS INTERESTED IN POLITICS HAVE BEEN ABLE TO IDENTIFY OR TAP THEM. THUS WE CANNOT WITH ANY CONFIDENCE PREDICT THE DATE, BUT IT WILL PROBABLY BE IN THE SPRING (MAY OR JUNE) OR SEPTEMBER.

WHAT WOULD A CHANGE OF GOVERNMENT MEAN IF SOMEHOW FIANNA FAIL WINS? VERY LITTLE IN TERMS OF US INTERESTS. A FIANNA FAIL GOVERNMENT, IF ANYTHING, WOULD BE SLIGHTLY MORE FRIENDLY TO US INTERESTS THAN THE PRESENT GOVERNMENT IN SOME AREAS, E.G., THE UN, THE EC, AND NORTH/SOUTH ISSUES. BUT THE CHANGE WOULD BE ALMOST IMPERCEPTIBLE. ONE CHANGE WOULD BE THE PROBABLE SUBSTITUTION OF MICHAEL O KENNEDY FOR GARRET FITZGERALD AS FOREIGN MINISTER. WITHOUT BELITTling O KENNEDY, WHO HAS NEVER HAD A CHANCE TO SHOW HIS TALENT, THE LOSS OF FITZGERALD WOULD BE A BIG LOSS TO IRELAND AND EUROPE. HE IS NOT ONLY THE MOST IMPRESSIVE STATESMAN THAT IRELAND HAS PRODUCED IN A LONG TIME, BUT HE IS ALSO THE MOST POPULAR PUBLIC FIGURE IN IRELAND.

A GOVERNMENT CHANGE, HOWEVER, WOULD QUITE POSSIBLY BRING A

SLIGHT BUT PERCEPTIBLE CHANGE IN NORTHERN IRELAND AFFAIRS. IT  
COULD BE CHARACTERIZED BY A KIND OF IMPATIENCE AND TENDENCY  
TO RELISH CONFRONTATION WITH, THE BRITISH. THE FIANNA  
FAIL SEEMS TO BE REVERTING TO EARLIER PERIODS, WITH AN ALMOST  
ROMANTIC VIEW OF THE SANCTITY OF A UNITED IRELAND. WE DO NOT,  
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HOWEVER, WANT TO OVERESTIMATE THIS TREND. JACK LYNCH IS AGAINST  
IT, AND, WHILE HE REMAINS LEADER, FIANNA FAIL COULD BE TRUSTED TO  
BE RESPONSIBLE, IF FRUSTRATED, VIS-A-VIS NORTHERN IRELAND, THOUGH  
THE BRITISH COULD WELL BE IN FOR CONSIDERABLY MORE IRRITATION  
WITH A FIANNA FAIL GOVERNMENT.

AN UNEASY YEAR IN EUROPE: WE PAUSE AND REFLECT THAT IRELAND HAS  
ONLY BEEN IN THE EC FOR FOUR YEARS, AND IT WAS TAKEN IN AS A  
KIND OF FLUTTERING TAIL TO THE BRITISH KITE. THIS KITE HAS NOT  
BEEN FLYING SO WELL, AND THE IRISH TAIL CAREENS AS THE KITE SINKS.  
THE METAPHOR IS MOSTLY ECONOMIC. ESSENTIALLY, THOSE IN IRELAND  
WHO HAVE BECOME CONCERNED WITH EC AFFAIRS CONSIST OF THE FARMERS  
WHO ARE WELL SATISFIED BY THE CAP, INDUSTRIALISTS, AND A HANDFUL  
OF DIPLOMATS, BUREAUCRATS, AND LEGISLATORS WHO HAVE BECOME  
COMMITTED EUROCRATS. COMPARED TO THE 1972 REFERENDUM ON  
JOINING THE EC, RECENT POLLS SHOW A DECLINE IN PUBLIC SUPPORT.  
BUT IRELAND CONTINUES ITS STEADY PROCESS OF MELDING  
ITSELF INEXORABLY INTO THE EC, EVEN THOUGH 1976 WAS A DISAPPOINTING  
YEAR FOR IRELAND IN ITS RELATIONS WITH BRUSSELS.

THE EUROPEAN-ORIENTED IRISH HAVE SEEN 1976 AS A SLIGHT  
SETBACK IN WHAT THEY WOULD WISH TO BE PROGRESS TOWARD A MORE  
INTEGRATED EUROPEAN SYSTEM. IN SELF INTEREST THE IRISH ARE  
DISAPPOINTED TO SEE ANOTHER YEAR IN WHICH THE COMMISSION, AND  
REGIONAL DEVELOPMENT, WERE STARVED OF FUNDS. FROM IRELAND'S  
POINT OF VIEW, THE PROPER COURSE OF THE EC CAN SIMPLY BE DEFINED  
AS THE RICHER HELPING THE POORER FOR THE GOOD OF THE ORGANISM.  
POLITICALLY THE IRISH ARE AWARE OF THE GROWING DIVISIONS IN THE  
EC, AND AS YET THEY CANNOT FIGURE OUT WHERE TO PUT THEIR MARBLES.  
JUST BY BEING SMALL THEY CAN RELATE TO THE SMALLS, BUT THE ECONOMIC  
DISPARITIES BEING WHAT THEY ARE THEY FEEL NO NATURAL AFFINITY WITH  
THE DANES, DUTCH, BELGIANS, LUXEMBOURGERS. LOVE/HATE OF 800  
YEARS OF HISTORY MAKES THEM UNCOMFORTABLE WITH THE BRITISH. THE  
CAP AND OTHER FACTORS WOULD PUT THEM WITH THE FRENCH BUT WE SAW  
NO EVIDENCE IN 1976 OF ANY SUCH TENDENCY. THE GERMANS SEEM TO  
UNCONSCIOUSLY REJECT THE IRISH, OR MORE ACCURATELY, TO BE ANNOYINGLY  
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UNAWARE OF THEIR EXISTENCE. WITH MANY SIMILAR PROBLEMS THE

ITALIANS WOULD BE A NATURAL SEMI-ALLY WITHIN THE EC, AND A NUMBER OF IRISH DIPLOMATS HAVE REALIZED THIS, BUT VARIOUS - AND TO THEM - SUBTLE IRISH APPROACHES HAVE DRAWN A BLANK.

THUS, NO CAUCUS YET WITHIN THE EC FOR IRELAND, DESPITE A YEAR OF ON-AND-OFF POLITICAL COOPERATION WITH THE DANES AND DUTCH ON THIRD WORLD ISSUES (BELOW). THE RELUCTANT DECISION ON DIRECT ELECTIONS TO THE PARLIAMENT WAS SEEN HERE AS A GREAT AND PREGNANT PLUS, THOUGH THERE IS SKIPTICISM ABOUT THE HEALTH OF THE PROCESS. DISARRAY ON FISHERIES AND THE SEABED ISSUE HAS COME TO BE A RUMBLING PROBLEM, AND THE IRISH ARE NOT BLUFFING ON THIS. THEY ARE QUITE CAPABLE OF COMPUTING THEIR RESOURCES IN THIS AREA, AND REALIZE THAT THEY HAVE MUCH TO GAIN BY HANGING TOUGH. ALSO, IT HAS BECOME A HOT DOMESTIC POLITICAL ISSUE IN THIS ELECTION YEAR.

ALTHOUGH OPPOSED ON SELF-INTEREST GROUNDS TO PORTUGAL/SPAIN/GREECE ACCESSION, LIKE OTHER EC MEMBERS THE IRISH ARE NOT WILLING TO PUBLICLY STATE THEIR OPPOSITION. SOARES WILL MOST LIKELY GET SMILING PLATITUTDES HERE, BUT NO PRACTICAL ASSISTANCE.

DUBLIN AND THE WORLD BEYOND THE EC: THE IRISH CONTINUED, IN 1976, THEIR EXPANDING OF DIPLOMATIC RELATIONS AND INTERESTS AROUND THE WORLD AS THEIR BUDGET PERMITTED. BY FAR THE MOST SIGNIFICANT ACTIVITY IN THIS AREA WAS THE APPARENT AGREEMENT IN PRINCIPLE RECENTLY WITH THE CHINESE TO OPEN RELATIONS QUITE SOON. A TOUR OF AN IRISH SOCCER TEAM AND A GROUP OF DOCTORS, BOTH IN CHINA WHEN MAO DIED, WAS FOLLOWED BY DISCREET TALKS WITH THE CHINESE IN NEW YORK. THE PERSON WHO CONDUCTED THE TALKS TOLD US IN CONFIDENCE THAT MOST OF THE DETAILS HAVE BEEN WORKED OUT. THE CHINESE AMBASSADOR IN LONDON WILL BE ACCREDITED HERE AND THE IRISH AMBASSADOR IN MELBOURNE WILL BE ACCREDITED IN PEKING. NO RESIDENT STAFF IS INITIALLY PLANNED ON EITHER SIDE. IRISH-SOVIET RELATIONS ARE COMPLICATED BY THE FISHERIES PROBLEM. WE CANNOT FORGET THE STIRRING 1976 SAGA OF THE TINY IRISH GUNBOAT BRINGING IN THE GIANT RUSSIAN TRAWLER AFTER PUTTING A SHOT  
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ACROSS ITS BOW. CURRENTLY THE BIG FISHERIES PROBLEM IS INTRA-EC, BUT ULTIMATELY THE MAIN PROBLEM WILL BE THE BIG RUSSIAN AND EASTERN EUROPEAN FLEETS, WHICH FOR REASONS UNKNOWN APPEAR TO HAVE TEMPORARILY WITHDRAWN FROM IRIEH WATERS. OTHERWISE, IRISH-SOVIET RELATIONS CONTINUE TO BE AMICABLE.

WE CANNOT CITE ANY OTHER REAL HIGH POINTS OF IRISH EXTERNAL ACTIVITY IN 1976. THE ONLY NOTABLE IRISH INITIATIVE WAS IN THE LOS TALKS. IN OTHER FORA THEY STUCK PRETTY WELL TO THE EC TEAM. ON A NUMBER OF OCCASIONS THEY WERE QUITE RESPONSIVE TO OUR BILATERAL APPROACHES. HOWEVER, ALSO ON A NUMBER OF OCCASIONS (NORTH/SOUTH ISSUES), THEY SIDED WITH THE DUTCH AND DANES IN VOTES NOT TO OUR LIKING.

IN NORTH/SOUTH AND EAST/WEST ISSUES THE IRISH SAW 1976 AS A "HOLDING" YEAR IN WHICH LITTLE WAS ACCOMPLISHED BUT NO ONE WAS PRESSING FOR GREAT ACCOMPLISHMENTS AND THE PRESSURE SLIGHTLY EASED OFF. WITH CIEC AND BELGRADE COMING UP THEY EXPECT 1977 TO BE A MUCH LIVELIER YEAR. THE IRISH ARE KEENLY INTERESTED IN THE NEW U.S. ADMINISTRATION AND ITS APPROACH TO WORLD PROBLEMS. FITZGERALD IS LOOKING FORWARD TO AN EARLY OPPORTUNITY TO MEET SECRETARY VANCE.

SOME OBSERVATIONS ON DOMESTIC TENSIONS: THE SHREWD FORMER IRISH AMBASSADOR TO BONN, BOB MCDONAGH, WHO ASSUMES THE TOP POSITION IN THE IRISH FOREIGN SERVICE THIS MONTH, HAS OBSERVED THAT IF UNEMPLOYMENT IN IRELAND REACHES FIFTEEN PER CENT, THE COUNTRY IS LIABLE TO "BLOW APART". IT HAS REACHED APPROXIMATELY 11 OR 12 PER CENT, DEPENDING ON HOW ONE CALCULATES, AND MIGHT STILL BE RISING. EVIDENCE OF DANGEROUS SOCIAL UNREST IS LACKING AS YET, BUT MCDONAGH IS NOT ALONE IN WORRYING ABOUT A NUMBER OF FACTORS, INCLUDING UNEMPLOYMENT, WHICH ARE PRODUCING RISING TENSIONS IN THIS 55-YEAR-OLD STATE. IN ADDITION TO UNEMPLOYMENT, THEY INCLUDE:

-- INFLATION, THE WORST IN EUROPE. THE IRISH  
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HOUSEWIFE IS BECOMING INCREASINGLY FRUSTRATED AND SHRILL, AS SHE ATTEMPTS TO STRETCH THE BUDGET.

-- A GROWING URBAN/RURAL STRAIN. THE CAP HAS PRODUCED PROSPERITY FOR THE FARMERS, WHO PAY ALMOST NO TAXES, AND URBAN DWELLERS ARE REALIZING THAT THE CAP, GREEN POUND, ETC. ONLY INCREASE THE COST OF LIVING.

-- RELIGION. THE CHURCH IS STILL EXTRAORDINARILY STRONG HERE AND VERY CONSERVATIVE, BUT THERE IS INCREASING REBELLION AGAINST ITS ROLE AND AUTHORITY. EVEN SUCH IMPORTANT CABINET FIGURES AS GARRET FITZGERALD AND CONOR CRUISE O' BRIEN HAVE PUBLICLY CRITICIZED THE CHURCH'S ROLE IN THIS SOCIETY.

-- THE YOUNG. AS ELSEWHERE BUT PERHAPS MORE SO HERE, THE YOUNG ARE MUCH DISSATISFIED WITH THE STODGY AND CONSERVATIVE POLITICAL AND SOCIAL SYSTEMS, AND WITH AN ANTIQUATED EDUCATIONAL SYSTEM. (ALMOST ALL EDUCATION IN IRELAND IS STILL SECTARIAN AND SEGREGATED BY SEX.)

-- WOMEN. IF IRELAND HAS A MINORITY PROBLEM, IT IS WITH WOMEN. THEIR INFERIORITY IS STILL LEGALLY, SOCIALLY, ECONOMICALLY AND POLITICALLY VERY MUCH A FACT, AND WE SENSE A RUMBLING IN THEIR RANKS WHICH COULD CAUSE MAJOR CONVULSIONS QUITE SOON.

--LABOR UNREST. INFLATION AND OTHER ECONOMIC PROBLEMS  
HAVE PRODUCED DIFFICULTIES IN THE LABOR FIELD AND THE GOVERNMENT  
IS JUST BEGINNING TO REALISE THAT THE INDUSTRIAL RELATIONS SYSTEM  
IS UNABLE TO COPE.

-- NORTHERN IRELAND. DISCUSSED BELOW

WITH ALL THE TENSIONS AND PROBLEMS, THERE IS STILL MUCH GOING  
FOR STABILITY HERE AND WE DO NOT PREDICT ANY IMMINENT EXPLOSION.  
INDEED, IF THE ECONOMIC SITUATION PICKS UP EVEN SLIGHTLY, THIS  
THREE-QUARTERS-OF-AN-ISLAND SHOULD CONTINUE ITS ERRATIC BUT  
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STEADY PROGRESS TOWARD BECOMING ANOTHER HOMOGENIZED EUROPEAN  
STATE. THIS IS IF, AND IXBX THRFAAHNST IF, THE NORTHERN  
IRELAND TROUBLES DO NOT SPILL OVER.

NORTHERN IRELAND -- COSGRAVE AND FITZGERALD, AND THEIR PREDECESSORS,  
HAVE DONE A MASTERFUL JOB OF INSULATING THE REPUBLIC FROM THE NOW  
EIGHT-YEAR-OLD NORTHERN IRELAND MESS. THERE ARE LEAKS HOWEVER:  
TOURISM IN THE REPUBLIC IS DOWN; POTENTIAL INVESTMENT- HARD TO  
MEASURE-IS FRIGHTENED AWAY; THE GOVERNMENT HAS HAD TO FUND A GREATLY  
INCREASED SECURITY PROGRAM WHICH IT CANNOT AFFORD; EVERYDAY  
BILATERAL AND MULTILATERAL AFFAIRS VIS-A-VIS THE UK ARE TAINTED;  
IRISH-US RELATIONS ARE COMPLICATED BECAUSE OF THE AMERICAN PROVO  
CONNECTION; FINALLY, INTERNAL POLITICS ARE SO SENSITIVE ON  
THE ISSUE THAT, FOR INSTANCE, THE BIG POLITICAL EVENT OF THE  
YEAR, I.E., RESIGNATION OF THE PRESIDENT, WAS TRIGGERED BY A  
SEEMINGLY TRIVIAL AFFAIR ABOUT THE EMERGENCY POWERS LEGISLATION IN  
THE REPUBLIC AND DIRECTLY RELATED TO THE NORTHERN IRELAND PROBLEM.

BEYOND THE QUANTIFIABLE ECONOMIC AND POLITICAL EFFECTS OF THE  
NORTHERN IRELAND STRIFE, THERE IS A MORE SUBTLE KIND OF  
PSYCHOLOGICAL PRESSURE WHICH DEBILITATES AND DAMPENS ALMOST ALL  
ACTIVITY IN THE REPUBLIC. IT IS LIKE SITTING ON A BOMB (SOMETIMES  
IT IS LITERALLY SITTING ON A BOMB). SUCH EVENTS AS THE ASSASSINATION  
OF THE BRITISH AMBASSADOR REMIND THE PEOPLE IN THE REPUBLIC THAT  
IT IS THEIR PROBLEM TOO, AND THEIR BIGGEST PROBLEM.

THE GENERAL IRISH VIEW OF EVENTS IN THE NORTH HAS REMAINED ABOUT  
THE SAME, I.E., FROM HERE IT STILL SEEMS TO BE A FUTILE, HOPELESS,  
BLOODY STALEMATE AND THE SITUATION SEEMS NOT TO BE IMPROVING. THE  
PEACE MOVEMENT, AT LEAST IN THE VIEW OF GOI OFFICIALS DEALING  
WITH THE NORTH, IS NOW DISMISSED AS A MOMENTARY MEDIA PHENOMENON.  
WE SENSE A GROWING FEELING OF IMPATIENCE OVER THE LACK OF ANY  
CHANGE IN THE NORTH AND A GROWING TENDENCY TO BLAME HMG,  
ESPECIALLY IN THE OPPOSITION FIANNA FAIL PARTY. EVEN WITHIN  
THE COALITION, PARTICULARLY WITHIN THE LABOR RANKS, THERE IS  
GROWING CRITICISM OF THE LACK OF POLITICAL ACTION IN THE NORTH.  
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NORTHERN SECRETARY MASON IS NOT GETTING A GOOD PRESS HERE. MUCH OF THE CRITICISM RELATES TO WHAT SEEMS TO BE A DELIBERATE POLICY OF DISREGARDING THE DIFFICULTIES OF THE NORTHERN MINORITY PARTY (SDLP). HOWEVER, AS LONG AS COSGRAVE AND FITZGERALD ARE IN CHARGE NORTHERN IRELAND POLICY IS LIKELY TO REMAIN ONE OF COOPERATION WITH THE BRITISH AND A STRONG SECURITY POLICY SOUTH OF THE BORDER. CURLEY UNQUOTE VANCE

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